THE DEPUTY CHAIRMAN: You can give the names to me. I will allow you to seek clarifications tomorrow.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I have to seek clarifications today itself.

THE DEPUTY CHAIRMAN: Those who want to seek clarifications today can do so today. Those who want to seek clarifications tomorrow can do so tomorrow. But those who are not present here today cannot come here tomorrow and say that they want to seek clarifications. That is not the procedure.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I want the reply for my clarifications today itself.

SHRI JAGESH DESAI: In regard to the report about the third devaluation, it must be clarified today itself. (*Interruptions*)

THE DEPUTY CHAIRMAN: Let the statement be made first. (*Interruptions*)

STATEMENT BY MINISTER

Foreign Exchange Remittances and India development bonds schemes

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): In his budget speech on 24-7-91, Finance Minister had announced two schemes for attracting foreign exchange from abroad in the form of remittances of foreign exchange and foreign exchange bonds. Even though the Finance Minister had announced that the two schemes will come into effect immediately, after the budget speech, it was represented to Government that before the schemes were formally launched, the necessary liminities to be granted for the purposes of these two schemes should first be given effect to by the passage of the relevant legislation in the Parliament. Accordingly, the Remittances of Foreign Exchange and Investment in Foreign Exchange Bonds (Immunities and Exemptions) Act, 1991 (41 of 1991) was passed by this august House in the first half of September, 1991, and the Act received the Presidential assent on 18-9-91.

Initially it had been the intention of the Government to allow atleast 4 months time for the operation of these two schemes, so that there would be sufficient time for the information regarding these two schemes to reach the Non-resident Indians in all the corners of the World and to allow them sufficient time to send the remittances, or to invest in the bonds. The time actually available after the Presidential assent has been just over two months and we have received a number of representations from Non-resident Indians, and their relatives in India requesting for an extension of these two schemes. The Indian High Commissioner at London and other Indian Embassies and High Commissioners have also pressed for the extension of these two schemes at least by two more months.

In the light of these request and representations, and in keeping with the original intention of the Government to allow at least 4 months time for these schemes to operate, it has been decided to extend these two schemes upto 31st January 1992.

As a result, the specified date for the purpose of remittances in Section 2(1)(b), and in Section 5(1) of the Remittances of Foreign Exchange and Investment in Foreign Exchange Bonds (Immunities and Exemptions) Act, 1991 has, by a Gazette notification today, been specified as 1st February 1992, before which the remittances should be received in India, or the investments in Foreign Exchange Bonds should be made abroad. A

copy each of the two Gazette notifications issued today is laid on the table of the House.

Similarly, in the case of the scheme (also announced in Finance Minister's Budget speech) under which any person having unaccounted money would be allowed to make a deposit with the National Housing Bank on or before close business on 30th November 1991, the Voluntary Deposit (Immunities and Exemptions) Act, 1991 (47 of 1991), which provides the necessary immunities, was passed by this august House in the second half of September, 1991, and the Act received the Presidential assent on 20-9-91. It was the intention of the Government to allow four months' time for the operation of this scheme also. This scheme was also formally launched only on the 1st of October, 1991. Accordingly, it has been decided to extend this scheme also upto 31st January, 1992. As a result, the specified date for the purpose of Section 2(a) of the Voluntary Deposits (Immunities & Exemptions) Act, 1991 has, by a Gazette Notification today, been specified as 1st February, 1992, before which the deposits can be made under the Voluntary Deposits Scheme. A copy of that Gazette notification issued today is also laid on the table of the House. Madam, with your permission, I have been asked to clarify with regard to third devaluation.

Government's attention has been drawn to a news item in a prominent daily suggesting the possibility of a further devluation of the rupee following discussions with the IMF by the Governor of the RBI. There is no basis whatsoever for the report. Governor RBI visited Washington as part of a foreign tour covering Tokyo, New York and London. During his visit he held routine discussions with the World Bank and the IMF. The discussions with the IMF related to the current arrangements with the Fund for an Upper Credit Tranch Standby arrangement of $ 2.2 billion over a 20-month period which was approved by the Board of the Fund on 31st October this year. The subject of devaluation was never raised at any stage. In fact as part of the understanding with the IMF, Government is committed to policies which will ensure stability of the current exchange rate. Officials of the IMF have noted with satisfaction the significant increase in our foreign exchange reserves over the past two months, as well as the pursuit of policies of fiscal and monetary discipline which are necessary to keep the ongoing programme on track.

Madam, the other day hon. Prime Minister said that our reserves have gone to Rs. 6000 crores. I am happy to inform you that the reserves today have gone to more than Rs. 6700 crores. The factual position has been ascertained from the Governor, RBI, and also from Shri G. K. Arora, India's Executive Director in the IMF, who was present during all the discussions of the Governor with the IMF. Both have confirmed....

SHRI MENTAY PADMANABHAM (Andhra Pradesh): What is this statement.

THE DEPUTY CHAIRMAN: He is giving only a clarification on what Mr. Jagesh Desai and some other Members have raised.

SHRI RAMESHWAR THAKUR: Both have confirmed that neither the officials of the IMF nor those from the Indian side ever raised the issue of an exchange-rate adjustment. They have added that this issue did not figure in any way in the discussions with the Fund officials.

It is unfortunate, Madam, that a misleading and factually inaccurate report has been published without

[*Shri Rameshwar Thakur*]

any effort having been made to verify the facts either from the Governor, RBI, or from the Executive Director or from the Finance Ministry.

THE DEPUTY CHAIRMAN: Inaccurate. Okay. Thank you.

Now I have got some names for clarifications. Now, those Members who want to ask for clarifications, may do so. Now, Mr. Jagesh Desai.

SHRI JAGESH DESAI (Maharashtra): Madam Vice-Chairman, I am happy that the Minister has clarified that there was no talk regarding the third devaluation between the officials of the IMF and our Reserve Bank Governor. I am happy that you have made it very clear.

SHRI MENTAY PADMANABHAM: May I make a submission, Madam? The second part of the statement has not been given to us.

THE DEPUTY CHAIRMAN: Actually it is not a part of the statement. Mr. Jagesh Desai in the morning raised the issue. As it is a very important issue which scares everybody, that is why he has mentioned it. There is no statement.

SHRI MENTAY PADMANABHAM: The Minister read it out, Madam.

THE DEPUTY CHAIRMAN: It is not a statement.

SHRI MENTAY PADMANABHAM: Whatever be the reason, it is a part of the statement. It should have been given to us.

THE DEPUTY CHAIRMAN: It is not a statement. When the Minister gives an answer to a question, he does not lay it on the Table of the House when he is orally answering it. In the same way he might have made the point.

SHRI MENTAY PADMANABHAM: Mr. Jagesh Desai is seeking a clarification on that point also.

THE DEPUTY CHAIRMAN: He is not seeking clarifications.

SHRI MENTAY PADMANABHAM: Is it an arrangement between the Minister and Mr. Jagesh Desai?

THE DEPUTY CHAIRMAN: Are you seeking? Clarifications, Mr. Jagesh Desai.

SHRI JAGESH DESAI: No, I will thank him for this, and I will finish.

THE DEPUTY CHAIRMAN: He is only thanking him.

SHRI MENTAY PADMANABHAM: Many Members raised this issue in the morning. (*Interruptions*). The Minister read the statement after reading the other statement.

THE DEPUTY CHAIRMAN: I think between all the Ministers and all the Members there should be some understanding. There should be no misunderstanding.

SHRI JAGESH DESAI: Madam, I am very happy and I am confident... (*Interruptions*)

THE DEPUTY CHAIRMAN: Mr. Padmanabham, he is only thanking the Minister for his promptness. If you have any objection, the Member can thank him in the corridar. (*Interruptions*)

SHRI JAGESH DESAI: Madam, I am very confident that this Government will not succumb to any pressures from the World Bank.

SHRI MENTAY PADMANABHAM: They have already succumbed twice.

SHRI JAGESH DESAI: Just a minute. Listen to me.

THE DEPUTY CHAIRMAN: Mr. Jagesh Desai, you may ask for clarifications on the first statement.

SHRI JAGESH DESAI: In the national interest if devaluation is necessary, then, the Government can think about that but not under the threat of the IMF of not giving loans to this country. Madam, till today we are not free from the second devaluation, and that shock is still to be absorbed. But we should be assured.....

THE DEPUTY CHAIRMAN: That matter is closed now, Mr. Desai. You can only thank him.

SHRI JAGESH DESAI: I would like to know one thing from the hon. Minister. As regards the premium for dishonesty, I have always opposed it that no immunity should be given to any person who is dodging the Government and not paying his tax libality. But they have done it again. They want to give extension for two months. I want an assurance from the Minister that till this Government is in power this scheme will not be extended and that no such other scheme will be initiated for the purpose of giving relief to dishonest tax-evaders. I want that kind of an assurance from the Government.

Madam. I would like to know some figures from the Minister. I have gathered from different sources that black money which is this country, is is generated by *havala* transactions and by way of dollar gifts. That money is being brought into this country, and the NRIs who were earlier putting their deposits into banks directly from different countries by sending drafts, now are not putting that money into the NRI accounts, and that money is being laundered by way of gift. As such I would like to now some figures from the Minister. What are the receipts from the NRIs who had accounts in this country two months before the Budget speech and what amount has been recovered from them two months after the scheme was launched? I want to know the amount by way of deposits in NRI accounts in India, not by way of gifts. I am afraid that amount has come down and that money is laundered by giving this kind of gift in dollars.

Secondly, as far as I know, today the premium on dollar is 36 per cent. That is why we are not getting deposits in National Housing Banks. That is my information. So, I would like to know what are the deposits in the National Housing Scheme till this date and what are the remittances by way of gift and by way of other remittances so that we can be assured of the situation. We would also like to know what action you are going to take to see that this kind of money which is laundered is stopped. We should be assured that in future no such Indian black money will be laundered in this way. For that purpose what action and what schemes will the Government bring forward?

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): Now, about the two statements...

THE DEPUTY CHAIRMAN: There is only one statement. That was not for clarification. That was only his concern.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Occasionally in politics immorality becomes a necessity. We do not encourage it, but it becomes unavoidable. These two schemes about the foreign exchange remittances and India Development Bonds have really not taken off the ground at all. I am firmly of the view that if you at all come with a scheme, let that scheme succeed. One of the main reasons for that scheme not succeeding was that you had not given enough time to it at all. I think it was unrealistic right from the beginning.

[Shri Murlidhar Chandrakant Bhandare]

Therefore, the Government has done well to extend it despite all the reservations I and my friend, Mr. Jagesh Desai, has in the matter. I am particularly happy that these things will also nail a lie to the rumours which are now current *viz.* that there is a third devaluation in the offing. I would not like the hon. Minister to wait till tomorrow, because even those who are asking him clarifications tomorrow, he can answer them tomorrow. Those of us who are asking clarifications today, we have the right to ask for that clarification today. If he is so inclined—I request him to be so inclined—to make a very very categorical statement that there is going to be no devaluation. There is no use in telling us what was discussed between the Governor of the Reserve Bank and the Governor of the.....

THE DEPUTY CHAIRMAN: We are not discussing that, Mr. Bhandare. I must remind you there is only one statement.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Madm, just wait, because the next clarification which I am asking him is very relevant. I personally believe—I may be wrong—that the two issues are really linked up. Therefore, clarification which I would like to ask the hon. Minister is what would be the effect of such a devaluation, I hope there would not be any devaluation on these two specific schemes which are now sought to be extended. I hope that the Chair has appreciated my linkage between the two issues.

6.00 P.M.

I hope that the Chair has appreciated my linkage between the two issues. I would like the Minister to give clarifications on these two points today, if possible, because it has been said that the market is in turmoil. It is much better if we come out with a very strong statement from the Government at this stage. Thank you. (*Interruptions*)...

THE DEPUTY CHAIRMAN: Still there is a minute to 6 o'clock. The Minister can respond to the two points and then we can hear him tomorrow. ... (*Interruptions*)... He is responding.

PROF. SAURIN BHATTACHARYA (West Bengal): What is the matter?

THE DEPUTY CHAIRMAN: Tomorrow you can seek clarification. We are adjourning the House now... (*Interruptions*)... Let him answer.

SHRI RAMESHWAR THAKUR: There are only two issues which have been raised so far. First is with regard to the extension of two months' time. From the very beginning the intention of the Government was to give four months' time. Since we gave only two months' time, we have announced the remaining two months time also. In fact, it is not the extension of time at all.

Second is with regard to the devaluation. I want to make an absolutely clear and categorical statement that there is no intention on our part whatsoever to make the devaluation. This should be recorded and noted. This confusion created by the newspapers is wrong.

THE DEPUTY CHAIRMAN: Those who have given their names today can seek clarifications tomorrow.

We will take up Statutory Resolution and the motion tomorrow. Now the House stands adjourned till 11.00 A.M. tomorrow.

The House then adjourned at two minutes past six of the clock till eleven of the clock on Thursday, the 28th November, 1991.